

BUSINESS REPORT

**MONTANA HOUSE OF REPRESENTATIVES
61st LEGISLATURE - REGULAR SESSION**

HOUSE STATE ADMINISTRATION COMMITTEE

Date: Thursday, February 12, 2009

Time: 9:00 am

Place: Capitol

Room: 455

BILLS and RESOLUTIONS HEARD:

Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Add Postponed (PP) when appropriate:

HB 471, HB 475, [REDACTED]

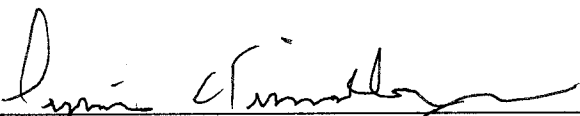
EXECUTIVE ACTION TAKEN:

Prefix (HB, HR, HJR, SB, SR, or SJR) and number. Enter P(pass) F(failed) DPAA (do pass as amended) BC(be concurred in) BCAA (be concurred in as amended):

HB 12 DPAA _____

HB 34 DPAA _____

COMMENTS:



REP. Dennis Himmelberger, Chairman

HOUSE OF REPRESENTATIVES
Roll Call
State Administration COMMITTEE

DATE: Feb. 12, 2009

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
Representative O'Hara		✓ _{ex}
Representative Dickenson	✓	
Representative Bean	✓	
Representative Belcourt	✓	
Representative Boniek		✓ _{ex}
Representative Brown		✓
Representative Caferro		✓
Representative Calf Boss Ribs	✓	
Representative Hands	✓	
Representative Hendrick	✓	
Representative Ingraham	✓	
Representative MacLaren	✓	
Representative Malek	✓	
Representative Phillips	✓	
Representative Van Dyk	✓	
Representative Washburn		✓
Representative Wilmer	✓	
Chairman Himmelberger	✓	



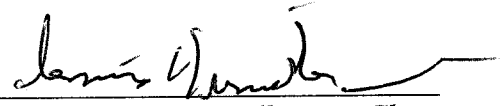
HOUSE STANDING COMMITTEE REPORT

February 12, 2009

Page 1 of 6

Mr. Speaker:

We, your committee on **State Administration** recommend that **House Bill 12** (first reading copy – white) **do pass as amended.**

Signed: 
Representative Dennis Himmelberger, Chair

And, that such amendments read:

1. Title, page 1, line 6.

Strike: "EMPLOYER"

2. Title, page 1, line 7.

Following: "SYSTEM"

Insert: ", "

3. Title, page 1, lines 8 and 9.

Strike: the first "AND" on line 8

Following: "SYSTEM" on line 8

Insert: ", "

Strike: ";" on line 8 through "UNDER" on line 9

Insert: "AND"

4. Title, page 1, line 10.

Strike: "19-3-1106,"

Insert: "19-3-319,"

Strike: "19-13-604,"

5. Page 1, line 15.

Strike: everything after the enacting clause

Insert: "Section 1. Section 19-3-316, MCA, is amended to read:

"19-3-316. **Employer contribution rates.** (1) Each employer shall contribute to the system. Except as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the compensation paid to all of the employer's employees ~~plus any~~

Committee Vote:

Yes 18, No 0

Fiscal Note Required ☐

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~~additional contribution under subsection (3), except for those employees properly excluded from membership who are active members of the retirement system.~~ Of employer contributions made under this subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan must be allocated as provided in 19-3-2117.

(2) Local government and school district employer contributions must be the total employer contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.

(3) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to ~~the following percentage 0.27%~~ of the compensation paid to all of the employer's employees, ~~except for those employees properly excluded from membership:~~

~~(a) beginning July 1, 2007, 0.135%, and~~

~~(b) beginning July 1, 2009, 0.27% who are active members of the retirement system.~~

(4) (a) The board shall periodically review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.

(b) The employer contribution required under subsection (3) terminates on July 1 immediately following the system's actuarial valuation if:

(i) the actuarial valuation determines that the period required to amortize the system's unfunded liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation, is less than 25 years; and

(ii) terminating the additional employer contribution would not cause the amortization period as of the most recent actuarial valuation to exceed 25 years."

Insert: "Section 2. Section 19-3-319, MCA, is amended to read:

"19-3-319. State contributions for local government and school district employers. (1) The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the compensation paid to all employees of local government entities and school districts ~~on and after July 1, 1997, except those employees properly excluded from membership who are active members of the retirement system.~~

(2) (a) Subject to subsection (2)(b), in addition to the contribution required under subsection (1), the state shall contribute monthly from the general fund to the pension trust fund a sum equal to ~~the following percentage 0.27%~~ of the compensation paid to all employees of school districts ~~on and after July 1, 2007, except for those employees properly excluded from membership:~~

~~(i) beginning July 1, 2007, 0.135%, and~~

~~— (ii) beginning July 1, 2009, 0.27% who are active members of the retirement system.~~

(b) The additional contribution under subsection (2)(a) terminates when the additional contribution under 19-3-316(3) terminates.

(3) The board shall certify amounts due under this section on a monthly basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payments in this section are statutorily appropriated as provided in 17-7-502."

Insert: "NEW SECTION. Section 3. Contributions required for retirees who return to work. (1) Beginning July 1, 2009, each state employer shall contribute the amount specified in 19-3-316 for retired members who return to work in a covered position but who, under the provisions of 19-3-1106, have not become active members.

(2) Beginning July 1, 2013, contracting local governments and school districts shall contribute the amounts specified 19-3-316 for retired members who return to work in a covered position but who, under the provisions of 19-3-1106, have not become active members.

(3) Beginning July 1, 2009, the state shall contribute the amounts specified in 19-3-319 for local government and school district employees who are retired members and have returned to work in a covered position but who, under the provisions of 19-3-1106, have not become active members."

Insert: "Section 4. Section 19-7-404, MCA, is amended to read:

"19-7-404. Employer contributions. (1) Each employer shall pay 9.535% of the compensation paid to all of the employer's employees ~~plus any additional contribution under subsection (3), except for those employees properly excluded from membership who are active members of the retirement system.~~

(2) If the required contribution to the retirement system exceeds the funds available to a county from general revenue sources, a county may, subject to 15-10-420, budget, levy, and collect annually a tax on the taxable value of all taxable property within the county that is sufficient to raise the amount of revenue needed to meet the county's obligation.

(3) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to ~~the following percentage~~ 0.58% of the compensation paid to all of the employer's employees, ~~except for those employees properly excluded from membership.~~

~~— (a) beginning July 1, 2007, 0.29%; and~~

~~— (b) beginning July 1, 2009, 0.58% who are active members of the retirement system.~~

(4) (a) The board shall periodically review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.

(b) The employer contribution required under subsection (3) terminates on July 1 immediately following the system's actuarial valuation if:

(i) the actuarial valuation determines that the period required to amortize the system's unfunded liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation, is less than 25 years; and

(ii) terminating the additional employer contribution would not cause the amortization period as of the most recent actuarial valuation to exceed 25 years."

Insert: "Section 5. Section 19-7-1101, MCA, is amended to read:

"19-7-1101. Reemployment of retired member -- employer contributions required. (1) A retired member who returns to service for 480 hours or more in a calendar year must become an active member of the system. Upon reinstatement as an active member, benefit payments must cease until subsequent retirement.

(2) A retired member who returns to service for less than 480 hours in a calendar year may not become an active member. The retirement benefit of a retired member employed in service must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

(3) The employer of a retired member who is returning to work pursuant to subsection (2) and who is not an active member shall contribute the amounts specified in 19-7-404."

Insert: "Section 6. Section 19-13-301, MCA, is amended to read:

"19-13-301. Active membership -- inactive vested member -- inactive nonvested member. (1) Except as provided in subsection (7), a full-paid firefighter becomes an active member of the retirement system:

(a) on the first day of the firefighter's service with an employer;

(b) on July 1, 1981, if the firefighter is employed by an employer on that date; or

(c) in the case of an employer who elects to join the retirement system, as provided in 19-13-211, on the effective date of the election if the firefighter is employed by the employer on that date.

(2) Upon becoming eligible for membership, the firefighter shall complete the forms and furnish any proof required by the board.

(3) A part-paid firefighter may elect to become a member of the retirement system by filing a membership application with the board within 6 months of becoming a part-paid firefighter.

(4) An active member becomes an inactive member upon the occurrence of the earliest of the following:

(a) the date on which the member ceases service with an employer;

(b) the 31st day of an approved absence from active duty with an employer; or

(c) the date on which the member ceases to be employed

because of a reduction of the number of firefighters in the fire department as provided in 7-33-4125.

(5) (a) An inactive member with at least 5 years of membership service is an inactive vested member and retains the right to purchase service credit and to receive a retirement benefit under the provisions of this chapter.

(b) If an inactive vested member chooses to take a lump-sum payment rather than a retirement benefit, the lump-sum payment consists of only the member's accumulated contributions and not the employer's contributions.

(6) (a) An inactive member with less than 5 years of membership service is an inactive nonvested member and is not eligible for any benefits from the retirement system.

(b) An inactive nonvested member is eligible only for a refund of the member's accumulated contributions.

(7) (a) A firefighter previously employed in a position covered under the public employees' retirement system and who is first hired into a position covered under the firefighters' unified retirement system after attaining 45 years of age may elect to remain in the public employees' retirement system.

(b) A firefighter making an election to remain in the public employees' retirement system shall make the election in a manner prescribed by the board within 30 days of being hired into the position otherwise covered under the firefighters' unified retirement system.

~~(8) A retired member who is receiving a service retirement benefit or early retirement benefit may return to employment covered by the retirement system for a period not to exceed 480 hours in any calendar year without returning to active service and without any effect to the retiree's retirement benefit."~~

Insert: "Section 7. Section 19-13-605, MCA, is amended to read:

"19-13-605. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official from money available for this purpose. The employer shall pay as employer contributions 14.36% of the compensation paid to all of the employer's employees, except those properly excluded from membership who are active members of the retirement system. All contributions are payable monthly to the board, which shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

Insert: "NEW SECTION. Section 8. Reemployment of retired member -- contributions required. (1) A retired member may, without returning to active service, return to work in a covered position for a period not to exceed 480 hours in any calendar year without affecting the retiree's retirement benefit.

(2) If a retired member returns to work in a covered position for more than 480 hours in a calendar year, the member returns to active service and the member's retirement benefits must cease until the member again terminates employment and retires.

(3) For each retired member who returns to work pursuant to

subsection (1), the employer shall contribute the amount specified in 19-13-605 and the state shall contribute the amount specified in 19-13-604."

Insert: "NEW SECTION. Section 9. Codification instruction.

(1) [Section 3] is intended to be codified as an integral part of Title 19, chapter 3, part 11, and the provisions of Title 19, chapter 3, part 11, apply to [section 3].

(2) [Section 8] is intended to be codified as an integral part of Title 19, chapter 13, and the provisions of Title 19, chapter 13, apply to [section 8]."

Insert: "NEW SECTION. Section 10. Effective date. [This act] is effective July 1, 2009."

- END -



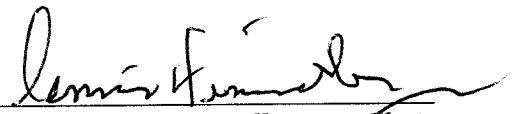
HOUSE STANDING COMMITTEE REPORT

February 12, 2009

Page 1 of 2

Mr. Speaker:

We, your committee on **State Administration** recommend that **House Bill 34** (first reading copy – white) **do pass as amended.**

Signed: 
Representative Dennis Himmelberger, Chair

And, that such amendments read:

1. Title, page 1, line 10.

Following: "SECTIONS"

Insert: "19-20-501,"

2. Page 2.

Following: line 25

Insert: "Section 2. Section 19-20-501, MCA, is amended to read:

"19-20-501. Financial administration of money. The members of the retirement board are the trustees of all money collected for the retirement system, and as trustees, they shall provide for the financial administration of the money as provided in Article VIII, section 15, of the Montana constitution in the following manner:

(1) The money must be invested and reinvested by the state board of investments.

(2) The retirement board shall annually establish the rate of regular interest.

(3) In accordance with the provisions of 19-20-605(7)(8), the amount to be credited to each reserve must be allocated from the interest and other earnings on the money of the retirement system actually realized during the preceding fiscal year, less the amount allocated to administrative expenses. The administrative expenses of the retirement system, less amortization of intangible assets, may not exceed 1.5% of retirement benefits paid.

(4) The state treasurer is the custodian of the collected retirement system money and of the securities in which the money

Committee Vote:

Yes 18, No 0

Fiscal Note Required ☐

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is invested.

(5) For purposes of Article VIII, section 12, of the Montana constitution, all the reserves established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund structure of the state.

(6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after the time of retirement or termination.""

Renumber: subsequent sections

3. Page 3, line 3.

Strike: "and retired member"

4. Page 3, line 8.

Strike: "and retired member"

5. Page 3.

Following: line 10

Insert: "(4) Beginning July 1, 2013, for each retired member who returns to covered employment under the provisions of 19-20-731 during all or part of the preceding payroll period, the employer shall pay into the pension accumulation account an amount equal to 9.85% of the total earned compensation paid to the retired member."

Renumber: subsequent subsections

- END -

**AUTHORIZED
COMMITTEE PROXY**

I request to be excused from the_

Committee because of other commitments. I desire to leave my proxy vote with:

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

[illegible]

Rep. _____

(Signature)

Date_

AUTHORIZED COMMITTEE PROXY

I request to be excused from the State Administration

Committee because of other commitments. I desire to leave my proxy vote with:

James C. Hume

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT

AYE NO

Senate Bill 100	X	
House	X	
Amendment 100	X	
100	X	

BILL/AMENDMENT

AYE NO

Rep. Joel Bonick
(Signature)

Date Feb 12, 2009

**AUTHORIZED
COMMITTEE PROXY**

I request to be excused from the State Admin.

Committee because of other commitments. I desire to leave my proxy vote with:

Sue Dickerson

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT

AYE NO

House Bill 12 amendment	X	
HB 12	X	
HB 34 amend.	X	
HB 34 DPAA	X	

BILL/AMENDMENT

AYE NO

Rep.

Patricia H. S.
(Signature)

Date

2/13/09

AUTHORIZED COMMITTEE PROXY

I request to be excused from the STATE ADMINISTRATION

Committee because of other commitments. I desire to leave my proxy vote with:

Joe Rickerson

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT	AYE	NO	BILL/AMENDMENT	AYE	NO
House Bill 12	X				
Amendment					
HB 12	X				
HB 34 amend	X				
HB 34 DPAA	X				

Rep. Phil Phillips
(Signature)

Date 2/12/09

**AUTHORIZED
COMMITTEE PROXY**

I request to be excused from the State Ad

Committee because of other commitments. I desire to leave my proxy vote with:

Sue Dickerson

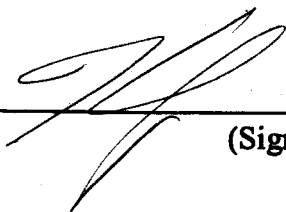
Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT AYE NO

HB 34 amend	X	
HB 34	X	

BILL/AMENDMENT AYE NO

Rep.



(Signature)

Date

2/12/09

**AUTHORIZED
COMMITTEE PROXY**

I request to be excused from the State Admin

Committee because of other commitments. I desire to leave my proxy vote with:

Tony Belcourt

Indicate Bill number and your vote Aye or No. If there are amendments, list them by name and number under the bill and indicate a separate vote for each amendment.

BILL/AMENDMENT

AYE NO

HB12 Amend	X	

BILL/AMENDMENT

AYE NO

Rep.

Sue Rickerson
(Signature)

Date

2/2/09

**Montana House of Representatives
Visitors Register**

State Administration Committee Date 2/12/09

Bill No. HB 471 Sponsor(s) Rep. K. Van Dyke

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Name and Address	Representing	Support	Oppose	Inf.
Terry Minow	MEA-MFT	X		
Sarah Cobler	MCV	X		

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

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**Montana House of Representatives
Visitors Register**

State Administration Committee **Date** 2/12/09

Bill No. HB 475 **Sponsor(s)** Rep. M. Phillips

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Name and Address	Representing	Support	Oppose	Inf.

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

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